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IMPLEMENTATION OF UNCTAD-WIDE ACTIVITIES IN FAVOUR OF LDCS

Progress report by the UNCTAD secretariat

Executive summary

The Programme of Action for the LDCs for the decade 2001-2010 adopted by the Third UN Conference on LDCs contains actions and commitments for implementation by the LDCs and their development partners. The effective implementation of the Programme of Action is expected to contribute to the stated objective of reversing the dire socio-economic situations in LDCs and, in the process, to put them on the path of sustained economic growth and sustainable development. To this end, UNCTAD, pursuant to paragraph 113 of the Programme of Action, has been undertaking a number of concrete steps towards mainstreaming actions and commitments contained in the Programme of Action into its work programme and into the work of its intergovernmental machinery. The present note is intended to provide member States with information that is as comprehensive as possible on the progress made in the implementation of UNCTAD-wide activities in favour of the LDCs, landlocked developing countries and small island developing States. The preliminary lessons to be drawn from the progress so far are: (i) building effective and sustained capacity in structurally handicapped LDCs is complex and requires a long-term perspective; (ii) regional and subregional projects and programmes generally tend to be cost-effective, while national projects focus more on specific problems and hence are oriented towards specific solutions in a given country; regional and national technical cooperation and capacity building activities are therefore seen as complementary; (iii) the existing gap and mismatch between resources available on the one hand and the unfulfilled needs of the least developed countries and the tasks identified to address them on the other are factors hampering the implementation of various programmes and projects; this matter needs to be addressed quickly and effectively through, *inter alia*, the provision of adequate financial and human resources; and (iv) where there has been genuine close cooperation and collaborative efforts with relevant organizations, including national counterpart institutions, the implementation of planned activities has been timely and constructive results have been realized.

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INTRODUCTION

1. At its forty-eighth regular session, the Trade and Development Board was appraised of the progress made in the implementation of the elements of the Brussels Declaration and the Programme of Action (PoA) that fall within the purview of UNCTAD (TD/B/48/16). The present note by the secretariat is also intended to provide member States with information that is as comprehensive as possible on the progress made in the implementation of UNCTAD-wide activities in favour of the LDCs. It is intended to serve as a basis for seeking their views and guidance on the future course of action concerning the implementation of the PoA as it relates to the mandate and competence of UNCTAD. The note covers activities that have taken place since the Brussels Conference, including those that were not reported during the forty-eighth session of the Board. The note also includes activities of the secretariat on landlocked developing countries (LLDCs) and small island developing States (SIDS).

2. The Programme of Action for LDCs for the decade 2001–2010 adopted by the Third UN Conference on LDCs contains actions and commitments for implementation by the LDCs and their development partners. The effective implementation of the PoA is expected to contribute to the stated objective of reversing the dire socio-economic situations in LDCs and, in the process, to put them on the path of sustained economic growth and sustainable development. This will, in turn, contribute to the global goal of poverty reduction and promote their beneficial integration into the world economy. As the PoA cuts across many sectors and complex political, economic, social and environmental issues, the challenges in implementing it are enormous and daunting. Section III of the PoA provides general orientations for coordination, follow-up and reviewing its implementation at national, sub-regional, regional and global levels. These levels are intended to be coherent and mutually supportive. The UN General Assembly (GA), the Economic and Social Council (ECOSOC), and the governing bodies of other organs and organizations of the UN system are assigned specific tasks in this regard. The Office of the High Representative for LDCs, LLDCs and SIDs, established by the General Assembly (A/56/227), will deal with coordinating, monitoring and reviewing the implementation of the PoA. Contacts between UNCTAD and the Office of the High Representative (OHR) both at the highest level and at working levels have already been established and important working relationships forged between the two entities. The working visit paid by the High Representative to UNCTAD on 22 May 2002 resulted in common understanding and shared responsibilities for the coordinated implementation of the PoA for LDCs. This is in line with the respective mandates and responsibilities of the two entities.

3. For its part, UNCTAD, pursuant to paragraph 113 of the Programme of Action, has been undertaking a number of concrete steps towards mainstreaming actions and commitments contained in the PoA into its work programmes and into the work of the intergovernmental machinery since the Conference. For instance, in its review of the efficiency and functioning of the intergovernmental machinery, the nineteenth special session of the Trade and Development Board, which took place in Bangkok, Thailand, from 29 April to 2 May 2002, adopted guidelines for the functioning of the UNCTAD intergovernmental machinery. According to these guidelines, "the Sessional Committee of the Board on LDCs will continue to focus on coordinating, reviewing and monitoring of UNCTAD-wide activities related to the implementation of the Programme of Action for LDCs for the present decade and discussions on

substantive and analytical issues of interest to LDCs". The special session of the Board also decided that, "following the publication of the Least Developed Countries Report, an executive session of the board on LDCs not exceeding three days will meet to discuss the report and other thematic and sectoral issues of interest to LDCs". Thus the LDC Report 2002 will be discussed at the executive session of the Board on LDCs scheduled to take place in early December this year. On issues within its mandates and competence, UNCTAD has intensified its work on LDCs, LLDCs and SIDS, focusing on research and policy analysis, consensus building, technical cooperation and capacity building.

I. RESEARCH AND POLICY ANALYSIS

4. The work of the secretariat on research and policy analysis focuses mainly on macro-economic, sectoral and thematic issues of interest to the LDCs, with special emphasis on trade, investment and technology among others. The overall objective of the research and policy analysis activities of UNCTAD is to contribute to global policy debates and consensus building on ways and means to beneficially integrate LDCs into the multilateral trading system and into the global economy.

5. A major element in the research and policy analysis work of the secretariat on LDCs is constituted by its analytical report on these countries. The Least Developed Countries Report 2002, entitled "Escaping the Poverty Trap", in its part I reviews recent developments in LDCs, including trends in financial flows to these countries and their external trade. This part of the Report also attempts to respond to the new challenges set by the PoA, in particular the central goal of poverty reduction. Since internationally comparable data on poverty trends are presently not available, the Report seeks to rectify this deficiency by constructing a new data set on poverty in LDCs combining national accounts and household survey statistics. The second part of the report deals with the nature and dynamics of poverty in the least developed countries. In this context, it describes the specificities of poverty in LDCs and analyses the complex interrelationships between growth and poverty and the ways in which these are affected by international trade. It provides a detailed account of generalized poverty in LDCs and analyses the pattern of trade integration. It pays particular attention to the relationship between commodity dependence and poverty, while taking into account the implications of such analyses in designing and implementing effective poverty reduction strategies.

6. UNCTAD has also made substantive contributions to the work of the Committee on Development Policy (CDP) of ECOSOC on the revision of the criteria and methodology for inclusion in and graduation from the UN list of LDCs. In this context, a note by the secretariat on the benefits associated with LDC status and the question of graduation (E/2001/CRP.5 and Add.1) was submitted to ECOSOC. UNCTAD's contribution to the work of the CDP on the question of graduation from LDC status includes an analysis on where the LDCs now stand in relation to established graduation thresholds. Also, in its substantive role on LDC- related issues and in response to ECOSOC resolutions E/2000/34 and E/2001/43, UNCTAD has initiated an analysis of the effective benefits derived from LDC status and of the question of "smooth transition" for graduating countries.

7. A special project was carried out by UNCTAD in collaboration with UNDP in furtherance of ECOSOC resolution 1993/79 on "Multisectoral collaboration on tobacco or health". The project, implemented in Malawi, addressed two interrelated issues on the economic, social and health aspects of tobacco production and consumption. These are: first, addressing the possible economic effects of reducing tobacco production in the tobacco-producing countries while taking into account the serious health consequences of tobacco use or consumption; and second, finding ways and means, in the context of diversification, of production and export marketing of new agricultural products that have high developmental and export potential. These two issues are of critical importance both to tobacco producers (and exporters) such as Malawi and to tobacco importing countries. The project, which combined series of national expert meetings and workshops, was carried out at the request of the Government of Malawi. A study prepared in the context of the project, entitled "Economic aspects of development of agricultural alternatives to tobacco production and export marketing in Malawi", is available at the UNCTAD website: http://www.unctad.org/trade_env/.

8. On market access, a study entitled: "Duty and quota free access for LDCs: Further evidence for computable general equilibrium modelling (CGEM)" was published as part of the UNCTAD series on Policy Issues in International Trade. A further study on market access in the WTO negotiations is forthcoming. In addition, UNCTAD, in collaboration with the Food and Agriculture Organisation (FAO) under a project financed by the UK Department for International Cooperation, has developed a partial equilibrium model – the "Agriculture Trade Policy Simulation Model" (ATPSM2002). These studies and the model containing detailed qualitative and quantitative analysis of trade policy issues would be valuable for LDC negotiators in the current WTO negotiations. The study can be obtained by downloading it from the UNCTAD website, and interested LDC delegations can obtain the ATPSM2002 model free of charge.

9. With a view to making available the research and policy analysis work of UNCTAD, especially the LDC Report, to the widest possible range of users at national and global levels, further efforts are being undertaken by the secretariat. These include establishing a database of government ministries, private and public institutions dealing with trade, investment and other issues of importance for LDCs, research centres, universities, subregional groupings, NGOs and the private sector. In addition, and as soon as the reconstruction of the UNCTAD website is completed, extensive use will be made of information and communication technologies for posting major research work of the secretariat on LDCs. The necessary preparations have been completed to send the LDC Report 2002 to relevant entities entered in the database for well-targeted distribution of the research work of the secretariat.

II. TECHNICAL COOPERATION AND CAPACITY BUILDING

10. As requested in the Bangkok Plan of Action, the Office of the Special Coordinator has developed a "Framework for Technical Cooperation Strategy" for LDCs, LLDCs and SIDS. This framework outlines a general approach and defines a process for future identification, design, development and implementation of technical cooperation activities in LDCs, drawing on UNCTAD's comparative advantage. It will provide broad guidelines for specific technical cooperation activities in favour of LDCs. It also aims at providing a focused, coordinated and

more effective delivery of technical cooperation activities within UNCTAD for these countries. Furthermore, the secretariat is developing a database on its technical cooperation activities in LDCs. This will enable the secretariat to keep track of past technical cooperation activities, monitor the progress of ongoing ones and assess their overall impact on the economic development of LDCs in an integrated manner. The database will also assist in responding immediately to the queries of member States on matters related to technical cooperation activities of UNCTAD in the countries concerned.

11. The focus of the technical cooperation and capacity building activities of the secretariat is on addressing supply and demand side constraints facing these countries. Particular emphasis is placed on areas such as human resources development, institutional capacity building and policy advice on a wide range of issues, especially trade, investment, technology and enterprise development, as well as debt management. One of the main challenges confronting the secretariat in this field is to ensure that its technical cooperation and capacity building programmes, including training activities, enhance the institutional capacities of LDCs to design and implement sound development policies.

A. International trade and commodities

12. In response to the Ministerial Declaration of the Fourth WTO Ministerial Conference – the Doha Development Agenda – UNCTAD has prepared comprehensive proposals for capacity building and technical cooperation activities. The proposals contain detailed activities comprising policy analysis, human resources development and institutional capacity building, which are among the principal functions and mandates of UNCTAD. In parallel with the post-Doha programme of work and in implementing actions and commitments contained in the PoA that relate to trade, the secretariat has undertaken several activities in LDCs. These technical cooperation and capacity building activities implemented in LDCs on international trade and related issues relate to: (i) commodity diversification; (ii) trade negotiations and commercial diplomacy; (iii) trade and competition policy; (iv) trade and environment; and (v) services infrastructure for development and trade facilitation. Furthermore, in the context of the Integrated Framework for Trade-related Technical Assistance for LDCs (IF), UNCTAD has been cooperating with other core agencies in the implementation of the IF Pilot Scheme in the initial three LDCs (Cambodia, Madagascar and Mauritania) and in the additional 16 countries to which the IF has been extended. This cooperation includes contributing inputs to the diagnostic trade integration studies led by the World Bank, as well as participating in the national workshops organized to consider the findings and recommendations emerging from the studies and formulating responses in the form of concrete project proposals for the technical assistance priorities identified. A summary on the status of the implementation of the IF will be provided in a Conference Room Paper.

1. Commodities

13. In this sector, LDCs have been assisted in identifying ways and means of intensifying horizontal and vertical diversification of their commodities export base. This assistance includes, among other things, the implementation of a project on "Capacity building for diversification and commodity-based development". The project, which is financed through the UN

Development Account, covers 37 LDCs – 26 in Africa, 6 in Asia and 5 small island developing States in Oceania. Assistance was provided through policy advice, research, and training and workshops. Recommendations of the workshops in the framework of this project call for specific activities to be implemented in individual LDCs. In this connection, a workshop on "Links between artisan fisheries and world markets" was organized in Gambia in April 2002, and a workshop on horticulture sector development is planned for Guinea in July 2002. Furthermore, from 18 to 20 September 2001, UNCTAD organized a "Regional workshop on the constraints, challenges and prospects for commodity-based development and diversification in Pacific island economies" in Nadi, Fidji. The small island States that took part in the workshop were Kiribati, Samoa, Solomon Islands, Tuvalu and Vanuatu. More information on these and other commodity-related workshops, including background documents prepared for them and the recommendations, can be found at http://www.unctad.org/infocomm/diversification/index.htm.

2. Trade negotiations and commercial diplomacy

14. UNCTAD, in cooperation with other relevant organizations such as the WTO and the ITC, has organized several training and capacity building activities on issues related to trade negotiations, accession to the WTO, and market access for LDCs.

(a) Trade negotiations

15. Within the framework of the Commercial Diplomacy Programme, several training exercises, seminars and workshops have been conducted on trade and trade-related issues from which LDCs have benefited. The overall objective of these activities is to accelerate human resources development in the LDCs on key trade and related issues that are of critical importance for their development. For instance, as part of its ongoing work on commercial diplomacy, UNCTAD organized a number of regional and national workshops in April/May 2002 on multilateral trade negotiations in general and on agriculture and services negotiations in particular. A regional workshop on agriculture negotiations for countries of the Economic Community of Western African States (ECOWAS) took place in Conakry, Guinea, from 8 to 12 April 2002. Fifteen countries of the Community, of which 12 are LDCs, participated in the workshop. A national workshop on issues in Agriculture and Services Negotiations of the WTO was organized in Dakar, Senegal, from 21 to 26 April following a request by the Government of Senegal. Another national workshop on Services was organized in Kampala, Uganda (from 23 to 29 May) for the Ugandan Inter-Ministerial Taskforce on WTO. In preparation for the request/offer phase of the GATS negotiations, UNCTAD, in collaboration with the Commonwealth Secretariat and the SADC Secretariat, organized a regional trade negotiating forum in Namibia from 20 to 24 May 2002 in which several LDCs took part.

16. The general thrust and focus of these activities was on: (a) examining major issues in WTO negotiations in the light of national or regional interests; (b) helping countries understand the timeframe for and modalities of negotiations; (c) assisting national committees on WTO to draw up their plans of action to meet the challenges of negotiating deadlines; (d) appraising and exposing participants to methods of negotiations such as the "request/ offer approach" adopted by the Services Council on services negotiations. Generally the workshops offered participants opportunities to understand the negotiating issues and enabled the national committees to

develop their respective schedules for the forthcoming negotiations. In the case of the ECOWAS workshop, participants were able to exchange best practices, identify their national and regional interests in the ongoing WTO negotiations and formulate joint negotiating positions. The structure, contents and outcome of these national and regional workshops could be used as a model for UNCTAD's activities in favour of LDCs and other interested countries for their effective and informed participation in the WTO negotiations.

17. Similarly, UNCTAD and the World Tourism Organization have jointly organized a "Consultation on Tourism Development in the Least Developed Countries". The consultation, which took place on 16 March 2002 at the International Congress Center (ICC) in Berlin, was sponsored by the Spanish Agency for International Cooperation (AECI). The event brought together 25 representatives, among them 15 participants from 8 LDCs, including four participants at the ministerial rank, and 6 experts from international cooperation agencies and research institutes. The main objectives of the consultation were: (a) to exchange views and best practices on the contribution of tourism to poverty reduction in LDCs; (b) to seek advice from national and international experts on implementing the Canary Islands Plan of Action (March 2001), the conclusions of which were included in paragraphs 63 and 64 of the Programme of Action for the LDCs; and (c) to identify modalities for mobilizing international support for the implementation of the recommendations of the Canary Islands Plan of Action. In this regard, participants in the consultation recommended several specific actions, including those aimed at enhancing the contribution of tourism to poverty eradication in LDCs.

18. A special national workshop entitled: "A consultative approach to trade policy formulation and management" was also organized in Kampala, Uganda, from10 to 12 December 2001 for parliamentarians on issues related to trade policy, the multilateral trading system, the WTO trade rules and the work of UNCTAD, among others. The workshop highlighted the fact that, as legislators, MPs have the duty to modernize and put in place the legal framework to support the changing trade and economic environment. They therefore require specific technical assistance and up-to-date information and analysis on the legal instruments that the Ugandan economy will require in its process of integration into the global market. The workshop provided an opportunity for constructive exchanges of views between the resource persons, both local, and of staff of the WTO and UNCTAD on the one hand, and the Members of Parliament on the other. It was also a source of updated information and enlightenment on practical measures to take when seeking technical assistance from the WTO or UNCTAD.

(b) Accession to the WTO

19. Trade-related technical assistance for capacity building was also provided to LDCs in the process of accession to the WTO. Such assistance includes building human capacity through training of trade negotiators and workshops on specific issues in the WTO accession negotiations, and providing advisory missions to acceding countries to support their preparations for these negotiations. The main beneficiaries included Bhutan, Cambodia, Lao People's Democratic Republic, Nepal, Samoa, Sudan and Yemen.

(c) Market access

20. In terms of policy-oriented work on issues of market access for LDCs, most generalized system of preferences (GSP) handbooks have been updated, since all initiatives in favour of LDCs such as the EU's "Everything but arms" (EBA) initiative and the United States African Growth and Opportunity Act (AGOA) have been taken in the framework of the GSP schemes. These updates are disseminated to LDCs and their enterprises, including during national workshops. Several LDCs have benefited from national seminars and workshops on issues related to the GSP, rules of origin and product coverage, among others. For instance, in May 2002 the UNCTAD secretariat, at the request of the Government of Cambodia, organized a national seminar on the GSP and rules of origin. The seminar provided an important opportunity for Cambodian trade officials and exporters to understand fully and benefit from the various GSP schemes. A similar workshop is scheduled to take place in Yemen in September 2002.

3. Trade and competition policy

21. In the area of competition policy, UNCTAD has implemented a capacity building programme on competition law and policy which is tailored to the needs of the LDCs. Activities are designed with the purpose of improving the ability of enterprises in the LDCs to compete effectively, both domestically and in international markets, and make markets work better for the poor. Activities are demand-driven and are implemented for LDCs and their regional integration groupings (which aim at establishing regional competition policy), such as UDEAC or UEMOA. Beneficiaries have included: Angola, Benin, Burkina Faso, Central African Republic, Chad, Guinea, Malawi, Madagascar, Mali, Mauritania, Sudan, United Republic of Tanzania, and Zambia. Support has also been provided to LDCs to participate more effectively in multilateral discussions on competition policy. UNCTAD and the University of Geneva co-organized a one-week intensive course in Geneva (June 2001) on the international trading system and its interface with competition policy with some 30 participants from the LDCs. Six LDCs participating in the course were sponsored by UNCTAD.

4. Trade, environment and development

22. In the area of trade, environment and development, UNCTAD and UNEP have jointly prepared a capacity building programme tailored to meet the needs of LDCs. This is to be implemented within the framework of the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF). The Programme contains a global and several regional components, supporting regional and country-specific training workshops, thematic research, country projects and regional policy dialogues. A CBTF workshop was held in Brussels (21–22 February 2002) to discuss policy options to promote production and trading opportunities for organic agricultural products. The workshop, which was funded by a grant from the European Commission and hosted by the ACP secretariat, allowed for a very informative and constructive dialogue that involved more than 50 policy makers and representatives of certification bodies, intergovernmental organizations, aid agencies, civil society, academics and other stakeholders from developing and developed countries. LDCs participating in the workshop included: Cambodia, Ethiopia, Haiti, Mozambique, Senegal, Uganda and Zambia. The linkages between trade and environment were also discussed at a seminar for the Community of

Portuguese-speaking Countries (CPLP), with the joint cooperation of the secretariat of CPLP and UNCTAD, in Geneva in July 2001.

23. A project on "Standards and Trade" (ITN 99/A64) funded by the International Development Research Centre (IDRC) in Canada helps to identify policies aimed at addressing constraints faced by developing countries in general and the LDCs in particular. The project was designed in response to sanitary and phytosanitary (SPS) measures and environmental requirements in international markets that pose serious challenges to LDCs. LDCs participating in the project are Bangladesh, Mozambique, Nepal, Uganda and the United Republic of Tanzania. A number of studies were prepared, including scoping papers for Africa and Asia and special studies on fisheries and organic agriculture in Uganda. Also, a workshop on the subject was organized in Geneva, Switzerland, from 16 to 17 May 2002 with the participation of the five LDCs already covered by the project.

5. Services infrastructure for development and trade efficiency

24. In the field of services infrastructure for development and trade efficiency, LDCs have been assisted in: (a) human resources development; (b) establishing Trade Points; and (c) improving transport, trade facilitation and customs systems.

25. With regard to human resources development, UNCTAD has developed an international network of cooperation with universities and institutions of higher learning that are responsible for training in the field of international trade. It has also developed new courses on port management (the Port Certificate) and organized sessions for training of trainers in this field. A distance-learning course on the Port Certificate was carried out for six months from October 2001 to March 2002 for the port communities of Senegal and Comoros. Also in the Port Certificate Programme, two regional training-of-trainers seminars have been organized. The first was held in Ghent, Belgium, in October 2001 for French-speaking countries of Africa, with the participation of Benin, Cameroon, Comoros, Guinea and Togo. The second was in Cape Verde in November 2001 for the Portuguese-speaking African countries (Angola, Cape Verde, Guinea-Bissau, Mozambique). An international meeting was also organized by UNCTAD in Porto, Portugal, from 13 to 16 May 2002 with the objective of discussing the new UNCTAD strategy on port training, including its implementation modalities in developing countries. Forty-six representatives attended the meeting from 23 developing countries, of which the majority were LDCs (Angola, Benin, Cape Verde, Cambodia, Gambia, Guinea-Bissau, Guinea, Mozambique, Sao Tomé and Principe, Senegal, United Republic of Tanzania and Togo). A Plan of Action was adopted for the implementation of the UNCTAD port management training programme in these countries.

26. Several of UNCTAD's training packages have been clustered within the TrainforTrade project to strengthen training capacities of LDCs in the field of international trade. The subjects covered include the following: multimodal transport and logistics; competition law and policy; trade and environment; and investment targeting and promotion. For these training activities and for distance-learning courses, pedagogical materials such as a participant's manual, a user's guide, and a CD-ROM with multimedia presentations, videos and case studies were developed and adapted to local situations in these countries. Thirty high-level officials (10 from Benin, 10

from Burkina Faso and 10 from Mali) were trained simultaneously on competition law and policy in November/December 2001 through distance learning on training of trainers. The distance-learning courses were followed by a traditional seminar held in Burkina Faso where participants, selected from the previous distance learning exercise, received in depth training. Trainees were provided with a CD-ROM, a user's guide, a participant's manual, videos and a comprehensive working plan. With regard to distance-learning courses, regular consultations between the UNCTAD staff, the director of the courses and the instructors were held through an Internet discussion forum once or twice a week.

27. With regard to the Trade Point Programme, progress has been made in establishing two new Trade Points in Kathmandu, Nepal, financed through a technical cooperation project on Nepal's accession to the WTO (NEP/96/010). A fact-finding mission to Kathmandu was organized from 22 to 29 March 2002 with a view to identifying potential partners that could host a Trade Point in Nepal. Also, a Trade Point is to be launched soon in Ouagadougou, Burkina Faso, financed through JITAP. In Rwanda, following a request by the Government, a feasibility study for establishing a Trade Point is to be conducted as soon as possible. Funds for a study are being made available by UNDP through the Eastern African subregional development centre.

28. On transport, trade facilitation and customs, UNCTAD's assistance aims at improving the capacity of LDCs to create efficient trade-supporting services and to benefit from the opportunities generated by the advances in information and communication technologies (ICTs). A number of LDCs, including Bangladesh, Burkina Faso, Nepal, Sudan and the United Republic of Tanzania, have been assisted through the provision and installation of the Advance Cargo Information System (ACIS), a transport management tool which tracks cargo and transport equipment on rail, at ports and on rivers and provides transport-related statistics. In customs reform, national administrations in LDCs (e.g. Bangladesh, Benin, Burkina Faso, Chad, Ethiopia, Gambia, Madagascar, Maldives, Malawi, Nepal, Sao Tome and Principe, Yemen and Zambia) have benefited from the implementation of the Automated System for Customs Data (ASYCUDA). Most of the recent activities in the area of customs modernization are related to the implementation of projects for migration to ASYCUDA++ in several LDCs. Also in 2002, new ASYCUDA projects were signed and started in Cape Verde (financed by the Government of Luxemburg), Mauritania (financed from the national budget) and Togo (financed from the national budget).

B. Investment, technology and enterprise development

29. In this field, UNCTAD has provided technical assistance to LDCs in the framework of two programmatic sectors: attracting investment and benefiting from it; and strengthening enterprises and technology capacity.

30. The first set of activities includes: (a) participation in a multi-agency technical assistance programme (involving UNCTAD, the Foreign Investment Advisory Service (FIAS), the Multilateral Investment Guarantee Agency (MIGA) and UNIDO) to facilitate FDI in the target countries like Cambodia, Mali, Mozambique, United Republic of Tanzania and Uganda; (b) technical assistance to improve the national investment climate by preparing investment policy reviews (United Republic of Tanzania, Ethiopia, Cambodia, Lesotho, Mauritania, Nepal and

Senegal) and by promoting good governance in investment promotion and facilitation (Ethiopia, Lesotho, Maldives, Mali and United Republic of Tanzania); a workshop on Efficient and Transparent Investment Promotion Practices that took place in Geneva on 6 and 7 June 2002; (c) an intensive training programme on international investment agreements and negotiating bilateral investment treaties and double taxation treaties. Fifteen LDCs have participated in different training courses since the Third UN Conference on LDCs; a round of bilateral investment treaty negotiations for a group of LDCs was organized in Bonn, Germany, in October 2001; this event brought together seven LDCs (Cambodia, Eritrea, Malawi, Mozambique, Sudan, Uganda and Zambia) and five development partners (Belgium, Luxembourg, France, Netherlands and Sweden) and resulted in 13 bilateral investment treaties; and (d) preparation of investment guides, public/private sector dialogue and the Investment Advisory Council for LDCs. The investment guides for Uganda and Mozambique have already been published, and other guides will be prepared and published over the next three years. A meeting of the UNCTAD/ICC Investment Advisory Council (IAC) for LDCs was organized, in cooperation with the Global Compact and the Governments of Germany and Norway, during the UN Finance for Development Conference in Mexico on 20 March 2002. The meeting focused on the role of investment in contributing to the implementation of NEPAD. The Secretary-General of the United Nations chaired the high-level segment of the meeting, and the President of Senegal, the Prime Minister of Mozambique and Ministers from a number of LDCs participated. The event provided an opportunity for business leaders and senior government officials to interact and exchange views between and among themselves. A number of projects aimed at improving the investment climate in African LDCs were proposed. Progress on the implementation of these projects will be reported on at the next meeting of the IAC in Johannesburg in September 2002.

31. The second set of activities, aimed at strengthening enterprise and technological capacity, includes: (a) the UNCTAD Linkages Promotion Programme, with special attention being paid to women entrepreneurs; and (b) building productive capacities in LDCs through EMPRETEC. Enterprise Uganda, a joint undertaking of the UNCTAD EMPRETEC Programme and the Enterprise Africa Initiative, was officially launched in December 2001. It has secured funding of US$ 1.5 million, mainly from UNDP and from other sources. So far two training courses have been organized by Enterprise Uganda, and the target for 2002 is to train about 120 local entrepreneurs. Besides the regular follow-up services to strengthen the empretecos' firms, a special initiative is being funded by the Government of Germany to assist women entrepreneurs and make the EMPRETEC programme more gender-sensitive. Discussions are also under way with the Ugandan Investment Agency and several donors to start a business linkage programme. Since access to finance is the principal constraint facing growing SMEs, Enterprise Uganda is making a special effort to combine its business services with financial services. In April 2002, together with the Bank of Uganda and UNCTAD, it held a symposium for 250 bankers, SMEs, aid agencies and ministry officials to discuss ways and means of financing SMEs. The participants jointly produced a plan of action containing a series of recommendations, and the major stakeholders agreed to set up a special Task Force on Financing SMEs to implement these recommendations. In addition, Enterprise Uganda has forged an alliance with a venture capital firm, INCOFIN. It is also discussing a partnership with Barclays and with SPEED, a loan guarantee programme funded by USAID. This combination of SME business services, finance for SMEs and business links will build the productive capacity that developing countries need to compete in the global economy. A further project proposal was prepared and is being discussed

with the secretariat of the Community of Portuguese-Speaking Countries and with UNDP for possible funding for the implementation of the project.

C. Technical solution to debt management (DMFAS)

32. UNCTAD has promoted effective, development-oriented and durable solutions to the debt problems of LDCs. The Debt Management and Financial Analysis System (DMFAS) programme has provided technical assistance in debt management. This assistance includes advice on institutional legal and administrative issues and training in DMFAS and debt management. The Debt Management and Financial Management System (DMFAS) programme continues to provide its services to several LDCs in Africa and Asia. In this regard, Angola, Bangladesh, Burundi, Central African Republic, Chad, Djibouti, Ethiopia, Haiti, Rwanda, Sao Tome and Principe, Sudan, Togo, Uganda, Yemen and Zambia have received assistance from UNCTAD on debt management. Beyond the day-to-day support for all of these installations, the programme has been very active in seeking new funds for specific country activities in upgrading and installing software and providing training and other technical and advisory services at the request of beneficiary countries. Since May 2001, the programme has started a new project in Chad and follow-up projects have been agreed with the Governments of Angola, Bangladesh, Burundi, Djibouti and Togo. Furthermore, negotiations are currently ongoing to upgrade the installations in Ethiopia.

D. Other mandated activities

33. On landlocked developing countries (LLDCs), UNCTAD's recent activities focus mainly on supporting the preparatory process for the International Ministerial Meeting of Landlocked and Transit Developing Countries, Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, scheduled to take place in Kazakhstan in 2003. The Ministerial Meeting, to be convened pursuant to General Assembly resolution 56/180, has both long-term and immediate objectives. Long-term or development objectives relate to the furtherance of support in favour of landlocked and transit developing countries in order to facilitate their beneficial integration into the world economy and contribute to their economic development. The immediate objectives of the meeting are to review the current situation of transit transport systems, including the implementation of the 1995 Global Framework for Transit Cooperation, and to formulate, *inter alia,* appropriate policy measures and action-oriented programmes aimed at developing efficient transit-transport system. A project proposal outlining the different preparatory phases, detailed activities and financial requirements has been prepared by UNCTAD and submitted to potential donors for funding.

34. Similarly, as part of its ongoing activities on small island developing States, in 2001–2002 the secretariat has undertaken important technical cooperation activities in favour of SIDS. These included the preparation of revised country-specific vulnerability profiles in anticipation of the 2003 review of the list of LDCs, training on offshore financial services regulation and supervision (St. Lucia), trade policy advice (Samoa), investment policy advice (Vanuatu), and support for the Forum Secretariat in the formulation of a model law for Pacific SIDS on

intellectual property rights related to biodiversity. These and other activities were undertaken within the framework of the implementation of the Barbados Programme of Action for SIDS.

III. FUTURE ACTIVITIES: BROAD ORIENTATIONS

35. In consultation with member States and in close collaboration with relevant organs and organizations of the UN system, UNCTAD will continue to make substantive and technical contributions in implementing the Programme of Action for LDCs for the current decade. In this regard, the secretariat's future activities on LDCs will be guided by the overall orientation outlined in the outcome of the nineteenth special session of the Board on the Mid-term Review. In its work on research and policy analysis, the secretariat will continue to address macroeconomic, sectoral and thematic issues of interest to the LDCs in the context of its biennial report on LDCs. Further efforts are currently under way to ensure that the LDC Report and other research activities will focus on more pressing policy challenges confronting these countries in their efforts to integrate beneficially into the global economy. The technical cooperation activities of UNCTAD will focus on, *inter alia,* human resources development and institution building in the areas of policy formulation, implementation and negotiation on key trade, investment, technology and other development-related issues. Hence, building investment promotion and negotiation capacities, strengthening trade-supporting institutions, and promoting commodity diversification will be priority areas for the technical cooperation activities of the secretariat. The overall objective of these activities is to contribute to the sustained economic growth and sustainable development of LDCs by improving the productive capacities of the countries concerned and by fostering their competitiveness. The aim is also to improve their participation in multilateral trade negotiations and to contribute to their beneficial integration into the global economy.

IV. STATUS OF THE LDC TRUST FUND

36. The LDC Trust Fund established by UNCTAD IX at Midrand, South Africa, remains a critically important vehicle to finance UNCTAD-wide activities on LDCs. A number of countries have made financial contributions to the Trust Fund since its inception in February 1997. These include: Belgium, Cyprus, Denmark, Finland, France, Ghana, Holy See, India, Ireland, Italy, Norway, Portugal, Republic of Korea, Sweden and Switzerland. Cumulative contributions to the fund showed a marked increase in 2001, reaching US$ 5,189,480 and slightly surpassing the original target of US$ 5 million. The increase was mainly due to generous contributions from traditional and non-traditional donors especially earmarked for the preparations of the Third UN Conference on LDCs and for enhancing the participation of LDCs in the preparatory process for the Conference. The challenge now is to ensure regular and timely replenishment of the fund in order to be able to match the increasing requests from LDCs for new technical assistance and capacity building activities of the secretariat. During UNCTAD X in Bangkok, member States agreed that the "implementation of activities in favour of LDCs requires regular replenishment of the LDC trust fund, as well as the provision of contributions in kind" (TD/386, para. 163).

V. CONCLUSIONS AND LESSONS LEARNED

37. As indicated at the outset, the purpose of this note is to inform member States of the progress made in the implementation of UNCTAD-wide activities in favour of LDCs, LLDCs and SIDS and to seek their guidance on future course of actions. The above activities of the secretariat point to three important conclusions: (a) the capacity-building needs of the LDCs are complex and wide-ranging; (b) there is scope for further improvement in the linkages between UNCTAD's analytical and operational activities; (c) the potential exists for further strengthening of inter-agency cooperation. It is too early to draw any conclusion on the impact of the activities undertaken at this stage of the implementation of the PoA, and the lessons learned can only be indicative. However, from the activities undertaken and the range of issues addressed, it is safe to conclude that the task of capacity building facing the LDCs, LLDCs and SIDS is complex and calls for long-term perspectives requiring concerted efforts by all stakeholders.

38. With regard to linkages between the analytical and research work of UNCTAD on the one hand and its operational capacity building and technical cooperation activities on the other, positive and encouraging results have been achieved. Moreover, all the activities implemented in favour of these countries are not only within the mandates and competence of UNCTAD but are also demand-driven. Capacity development and institution building activities, as indicated above, have direct regular interactions with the research and policy analysis work of UNCTAD. Whereas the analytical work of the organization addresses macroeconomic, sectoral and thematic issues of interest to the countries concerned, the capacity building and technical cooperation activities are generally aimed at equipping them to better respond to the challenges facing them in the global economy. Likewise, a number of training courses, workshops and seminars organized at the national, subregional and regional levels have significantly contributed to the objective of human resources development and institutional capacity building through information dissemination, awareness creation and training of trainers. The training activities have also assisted in identifying the needs and gaps existing in various countries and regions on specific issues of interest to the beneficiary countries and the areas for possible intervention by UNCTAD and/or by other partner organizations, and in formulating concrete capacity building projects and programmes for follow-up action. Distance-learning courses were found to be cost-effective and can be provided to different locations at the same time on various topics and issues. Nevertheless, it is important for such courses to be followed by seminars and workshops, which would provide participants with the opportunity to learn from each other and exchange best practices. There should also be a systematic attempt to link training with concrete follow-up activities aimed at institution building so as to enable the countries concerned to design and implement sound development policies.

39. Another interesting and more encouraging trend observed in the delivery of technical cooperation and capacity building programmes is the evolution of interagency cooperation. There was close collaboration between the various organs and organizations of the UN system, regional organizations, subregional groupings and the private sector in several areas of intervention covered by the report. This trend is expected to continue and strengthen in the future in the interrelated areas of trade, investment, technology, environment and development. Interagency cooperation may, however, be constrained by uneven distribution of technical cooperation resources among agencies, which diminishes the potential benefits and impact of

possible joint activities. In such a situation, joint fund raising efforts remain an option, and donors as well as agencies should bear that option in mind.

40. The preliminary lessons to be drawn from the above are: (i) building effective and sustained capacity in structurally handicapped LDCs is complex and requires a long-term perspective; (ii) regional and subregional projects and programmes provide an opportunity for exchange of experiences, and they generally tend to be cost-effective, while national projects focus more on specific problems and hence are oriented towards specific solutions in a given country; regional and national technical cooperation and capacity building activities are therefore seen as complementary; (iii) the existing gap and mismatch between resources available on the one hand and the unfulfilled needs of the least developed countries and the tasks identified to address them on the other are factors hampering the implementation of various programmes and projects. This matter needs to be addressed quickly and effectively through, *inter alia*, the provision of adequate financial and human resources; and (iv) where there was genuine close cooperation and collaborative efforts with relevant organizations, including national counterpart institutions, the implementation of planned activities was timely and constructive results were realized.